

## Preface

The City of Detroit is located in Southeastern Michigan and is the nation's seventh largest city. It is the central city of a metropolitan area with a population of over four million people. Detroit is the largest city in Michigan and comprises almost one-half of Wayne County's population. Settled in 1701 and incorporated in 1815, Detroit today encompasses an area of 139.6 square miles.

Pursuant to the provisions of the State Constitution, the City of Detroit is a home rule city with significant independent powers. In accordance with the Charter, the governance of the City is organized in two branches: the executive branch, which is headed by the Mayor, and the legislative branch, which is composed of the City Council (9 members elected at large for 4-year terms) and its agencies. In addition, the City now finances and administers the 36<sup>th</sup> District Court, Michigan's largest limited jurisdiction court. Local School Boards are separate local jurisdictions in Michigan. While State Legislation in 1999 made the Mayor responsible to appoint 6 of the 7 Detroit School Board members, this legislation sunsets in 2004.

The Charter provides that the voters of the City reserve the power to enact City ordinances by initiative, and to nullify ordinances enacted by the City by referendum. However, these powers do not extend to the budget or any ordinance for the appropriation of money, and the referendum power does not extend to any emergency ordinance.

The Mayor is the chief executive of the City and has control of and is accountable for the executive branch of City government. The Charter grants the Mayor broad managerial powers, including the authority to appoint most department directors and deputy directors. The Charter also delegates the responsibility for the implementation of most programs, services and activities solely to the executive branch.

Financial operations of the City are carried out through the appointed positions of Finance Director and Budget Director. The Finance Director oversees most financial functions of the City, including coordinating financial activities, collecting and disbursing funds, directing accounting procedures, purchasing goods and services and the assessing of property in the City. The Budget Director is responsible for development and monitoring of program and service objectives and for assisting the Mayor in the preparation of the City's annual budget and long-term capital agenda.

The City's fiscal year is July 1 through June 30. The City utilizes a computer-based central accounting and financial reporting system referred to as DRMS (Detroit Resource Management System). Under DRMS, each department and agency receives financial information along appropriation, organization, program and project lines. This information is used to allocate financial resources and to control actual expenditures in relation to the amended budget. In addition, historical information from these reports may be used for analysis and preparation of the annual financial report.

The City Charter prescribes the general content and process of developing the City's annual budget. The City's annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenues from all sources and all appropriations. Proposed capital appropriations are included. Any deficit during the preceding year is entered into the budget for the next fiscal year as an appropriation in accordance with the City Charter. One-half of any surplus is credited to the Budget Stabilization Fund with the remainder being included as a revenue in the following year. The total of proposed expenditures cannot exceed the total of estimated revenues so that the budget as submitted is a "balanced" budget.

The initial budget, which includes all department estimates of revenues and expenditures for the fiscal year beginning July 1, is submitted to the Mayor by the Budget Department on or before the preceding February 22. The Mayor may revise the budget prior to submitting it to the City Council on or before April 12, the date for budget submission to the City Council established by City ordinance.

Prior to approval of the budget, the City Council holds hearings with various department and agency heads and also holds a public hearing. In addition, the Auditor General prepares an analysis of the proposed budget for the City Council. The City Council may amend the budget as presented by the Mayor, on or before May

17. The Council may override any Mayoral veto of these amendments, by a two-thirds vote of the members within 3 business days following the Mayoral veto. Under the City Code, the City Council's reconsideration of the budget must be completed within the longer of 3 calendar days or 2 business days following the maximum return date of the budget by the Mayor and any Mayoral veto.

The adoption of the budget provides for: 1) appropriations of specified amounts from funds indicated, 2) a specified levy of the property tax, and 3) provision for the issuance of bonds specified in the capital program. The budget document as adopted becomes the basis for establishing revenues and expenditures for the fiscal year following the fiscal year of passage. The Charter requires that appropriations be made in lump sums to the agencies' specific programs, services or activities, or to additional classifications as the Mayor may recommend. Within an appropriation, the Mayor is given the responsibility of allocating financial resources to labor, equipment, supplies and materials in a manner which appears most suitable and economical in a given situation. However, the accounts of each agency are maintained in such detail as required by generally accepted standards of financial reporting.

The appropriation for every function of each City department is a fixed expenditure and may not be exceeded without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess. In the case of revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. The Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services or activities within an agency or from one agency to another.

In 1995, the City began a shift to results-oriented program management, starting with the Goal Based Governance (GBG) initiative. GBG clarified a vision for the City, and a mission and cornerstone goals for City Government services. In 1999, citywide strategic planning was initiated, resulting in a set of long-term strategic directions for the City, and core service priorities for strengthening city service delivery. The 2001-2002 budget evaluated and prioritized programs in this framework.

### **Vision of the Future Detroit**

To make Detroit a World Class City that successfully attracts people to live, work and visit and business to invest, grow and prosper.

### **Mission of the City Government**

To provide timely, cost-effective and high quality services, consistent with available resources, that are responsive to citizen needs for essential services and business needs for development and growth in the City.



### **Cornerstone Goals under Goal Based Governance**

- Affirm Detroit as a Safe City.
- Provide essential, efficient, and user-friendly services.
- Restore financial solvency.
- Obtain business expansion and growth.

### **Strategic Directions for the City**

- Regional public transportation
- More effective education, particularly public school
- Capital growth for Detroiters
- Diversifying the economic base
- Strengthening the delivery and management of core city services

### **Core Service Priorities for the 2001-2002 Budget**

- Neighborhood stabilization and improvement
- Increased public safety
- Strengthened internal financial, legal and human resources support